

Message Text

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43

ACTION NEA-12

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 9438

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INFO CSA WASHDC

CNO WASHDC

USCINCEUR

CDR AMC ALEX VA

CDR MICOM REDSTMNE ARS AL

S E C R E T KUWAIT 1696

EO 11652: GDS

TAGS: MASS, KU

SUBJ: NEGOTIATIONS WITH GOK RE I HAWK AND TPS-32 RADAR

REF: A) KUWAIT 1619; B) KUWAIT 1642

1. I HAD BRIEF MEETING WITH MIN FINANCE AND OIL ATEEQI AND MINFIN ADVISER ABU SU'UD FOLLOWING OFFICIAL FUNCTION APRIL 29. I EXPLAINED USG LETTER OF OFFER PROCEDURE AS BASICALLY GOK UNDERTAKING TO PERMIT USG TO NEGOTIATE ON GOK BEHALF WITH US COMPANIES TO OBTAIN MOST FAVORABLE CONTRACT POSSIBLE FOR KUWAIT. IN FACT L/OS STIPULATE FOREIGN PURCHASER GUARANTEED TERMS NOT LESS FAVORABLE THAN THOSE IMPOSED ON USG'S OWN ARMED FORCES.

2. ATEEQI AND ABU SU'UD PROFESSED TO AGREE THAT US L/O SYSTEM HAD MERIT AND EVEN SAID THEY UNDERSTOOD THAT IT WOULD LEAD TO LOWEST PRICES AND BEST AVAILABILITY DATES FOR MILITARY ITEMS AND SERVICES; HOWEVER THEY INSISTED THERE WAS NO WAY AROUND GOK REGULATIONS WHICH PROHIBITED THE SIGNING OF ANY DOCUMENTS SHOWING ESTIMATED AS OPPOSED TO FIRM PRICES. KUWAITIS ALSO SAID THEY WOULD

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HAVE TO INSIST ON ALL POINTS REPORTED IN PARA FIVE REF B. ATEEQI

AND ABU SU'UD SAID GOK COULD ASK USG OFFER FIXED PRICE CONTRACTS COVERING HARDWARE, MAINTENANCE AND TRAINING OR GOK WILLING NEGOTIATE WITH COMPANIES, WITH USG OFFICIALS PRESENT AT NEGOTIATIONS.

3. I TOLD ATEEQI AND ABU SU'UD THAT I HAD DONE MY BEST TO ADVISE THEM ON MILITARY PURCHASE PROCEDURES WE THOUGHT WOULD BE MOST IN GOK INTEREST. SINCE IT NOW CLEAR THESE PROCEDURES UNACCEPTABLE, WE WOULD HAVE TO LOOK AT ALTERNATIVES. I SAID GOK NEGOTIATIONS DIRECT WITH COMPANIES WOULD, I THOUGHT, BE POSSIBLE; ALSO SAID I PERSONALLY DID NOT THINK OTHER POINTS RAISED BY KUWAITIS (PARA FIVE REF B) WOULD POSE INSURMOUNTABLE PROBLEMS. I TOLD THEM I WOULD BE IN TOUCH WITH THEM AGAIN SOON.

4. ACTION REQUESTED: I DO NOT BELIEVE THERE MUCH POINT IN TRYING ANY LONGER TO INDUCE GOK TO SIGN L/OS ON LARGE ITEMS SUCH AS I-HAWK AND RADAR. I WOULD APPRECIATE OFFICIAL DEPT CONFIRMATION THAT IT HAS NO OBJECTION TO GOK NEGOTIATIONS DIRECTLY WITH RAYTHEON AND ITT GILFILLAN AND NO OBJECTION TO ATTENDANCE USLOK OFFICERS MURPHREE AND HENRY AT SUCH NEGOTIATIONS TO DEMONSTRATE CONTINUED USG INTEREST IN MILITARY PROGRAMS IN KUWAIT.
STOLTZFUS

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NNN

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